

# ACDI/VOCA

## **Cooperative Development Program Report January 1<sup>st</sup> – June 30<sup>th</sup>, 2000**

*January 1, 2000 - June 30, 2000*

August 7, 2000

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Dear Larry:

We are pleased to submit our six-month report on our Cooperative Development Program activities covering the period of January 1- June 30, 2000. This period reflects a slow rate of implementation due to the late arrival of in-country funding for Brazil and floods in Mozambique. In the Kyrgyz Republic, rural credit association development has demonstrated complicated needs, so we are addressing these with a dedicated long-term advisor.

In Brazil, approximately \$80,000 of funding for volunteer in-country costs has been obtained from the National Service for Cooperative Training (SESCOOP) for assignments in the Amazon. Funding of at least \$100,000 (and possibly more than \$200,000) for in-country costs is pending from the National Department of Cooperatives (DENACOOOP), which we have been trying to bring back into the fold as a funding source. This will be used for assisting indigenous cooperatives located near the Colombian and Venezuelan borders in the Brazilian Amazon.

Regarding the pipeline, this period brought us to month 37 of a 60-month activity, or 62% of life of project (LOP). Funds expended to June 30 (\$2,305,963) of the total budget (\$3,749,606) represented 61% of the authorized total at the 62% milepost of LOP. Regarding volunteers fielded versus LOP targets, we reached 73 completions against the program goal of 109, or 67% of target.

This is all we have for now. We will be pleased to answer any questions and/or provide any additional information you might require.

Sincerely,

Charles Cox  
Senior Vice President and CDP Manager

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## Cooperative Development Program Report

January 1<sup>st</sup> – June 30<sup>th</sup>, 2000

### *Introduction*

ACDI/VOCA has a long history with USAID's Cooperative Development Program (CDP). ACDI/VOCA was created through the 1997 merger of Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance. As separate entities, both ACDI and VOCA can trace their participation in this important program to their origins. ACDI/VOCA's roots with this program go back to the Humphrey Amendment of the Foreign Assistance Act of 1961, in which Congress called on USAID to include cooperative development in its assistance programs and to draw upon the resources of U.S. cooperatives to do so. Since 1963, ACDI/VOCA has been one of USAID's principal means of carrying out this important directive.

For this CDP report, we must point out that our slow rate of implementation stems from flooding in Mozambique and the late arrival of in-country funding for Brazil. Implementation will be heavy in the third and fourth quarters of calendar year 2000. The Rural Finance component continues to pull together lessons learned and will apply these with a long-term specialist in the Kyrgyz Republic.

During the last six months, **eight** volunteer assignments were completed during the January 1<sup>st</sup> - June 30<sup>th</sup> period. Currently seven volunteers are preparing to leave and 11 volunteer assignments are being recruited. To date **73** volunteer assignments and **ten** paid consultancies have been completed under the program. This reporting period brings us to month 37 of the 60-month life of project (LOP), or 62% of project duration. The 73 volunteer assignment completions represent 67% of the LOP target of 109.

Regarding expenditures, at the 62% benchmark of LOP, 61% of the authorized total has been expended (\$2,305,963 of \$3,749,606). The subgrant item implemented by Southern States Cooperative continues to lag somewhat on expenditure rates, but they assure us that their plan for the next two years envisions the utilization of all financial resources available to them.

## ***Brazil Component***

The original goal of the Brazil activity under CDP is to strengthen the institutional capacity of rural cooperatives in the Brazilian Amazon. USAID/BHR/PVC and USAID/Brazil have authorized us to expand our mandate to include assisting cooperatives in the impoverished Northeast as long as we achieve our work plan targets in the Amazon region. CDP activities support USAID/Brazil's strategic objective to promote environmentally and socio-economically sustainable alternatives for sound land use.

ACDI/VOCA has long history in Brazil; between 1973 and 1985 thirty volunteer assignments were conducted using our traditional cooperative development funding. That period introduced ACDI/VOCA to cooperative organizations in Brazil and positioned it for future activity.

The current Cooperative Development Program (CDP) in Brazil is built on previous Farmer-to-Farmer activity conducted between 1994 and 1996, a period in which thirty-three assignments were carried out. Fifteen of these assignments were carried out in 1996, cementing the partnership with the Organization of Brazilian Cooperatives established in 1995. Under the current CDP program **48** volunteer assignments and one paid consultancy have been completed.

The 1994 - 1996 activities included the 1995 launching of PRODESAM: the Program for the Development of the Amazon. PRODESAM was a collaborative effort supported by the Department of Cooperatives and Rural Associations (DENACOOOP, Federal Ministry of Agriculture and Supply), the Organization of Brazilian Cooperatives (OCB), the International Cooperative Alliance (ICA) and ACDI/VOCA. ACDI/VOCA opened an office in 1995 in OCB's headquarters in Brasília. Since 1998, we have been officially registered with the Brazilian government.

### **Program Overview**

ACDI/VOCA received approximately \$80,000 for in-country volunteer costs from the new fund for cooperative training and technology transfer (SESCOOP- the National Service for Cooperative Training) during the second quarter of calendar 2000. Because of this delay in obligating funds, most of the volunteer activity will occur in the third and fourth quarters.

SESCOOP is funded by the reprogramming of the 2.5% payroll tax that cooperatives pay to fund various training institutions in Brazil. SESOOP is governed by a board consisting of one representative each from the Ministry of Labor, the Ministry of Welfare, the Ministry of the Treasury, the Ministry of Budget and Planning, and the Ministry of Agriculture and Supply. In addition to these representatives, the OCB president and four representatives sit on the board, as well as one representative from workers' cooperatives. The president of OCB is also the president of SESOOP.

Charles Cox, the Senior Vice President for Latin America and the Caribbean, traveled to Brazil in May 1999 to discuss with the National Department of Cooperatives (DENACOOOP), SESOOP, OCB and the Ministry of Environment potential cross-border activities involving cooperatives and indigenous groups in Brazil and Colombia. ACDI/VOCA-Brazil expects to receive at least \$100,000 from DENACOOOP for in-country volunteer costs for working with indigenous groups on the Brazilian side of the border.

Rogério Saraiva, the Brazil program coordinator, traveled to the nine states of the Amazon region to assess new and previously assisted cooperatives and develop scopes of work.

ACDI/VOCA's current technical assistance focus will continue to be on cooperative management and agricultural processing and marketing in the states of Amapá, Maranhão, Pará, Rondônia and Tocantins. The expected deliverables will be business and marketing plans.

## Volunteer Activities

Between January 1<sup>st</sup> and June 30<sup>th</sup>, 2000, ACDI/VOCA carried out **three** volunteer assignments in **two** Amazon states using **three** volunteers. (See attachments.) Volunteer assignments focused on Brazil nut marketing, cooperative management and tropical fruit processing and marketing. Two volunteers were hosted by individual cooperatives, and one by the state government of Tocantins (Secretariat of Industry and Commerce.)

Cooperatives working with fruit pulp and Brazil nuts were assisted. One volunteer conducted a evaluation of Brazil nut marketing/cooperative management in Rondônia for COAPEX (Peter McDonald- 082001). The volunteer assignment done in coordination with the Secretariat of Industry and Commerce in the State of Tocantins focused on tropical fruit processing and marketing development. (Dr. Hugh Moore- 082004). Mr. Maclay Burt (082006) carried out another tropical fruit processing and marketing assignment in Rondônia for the *Cooperativa Mista Agropecuária de Vilhena* (COOPERVIL). Mr. Burt also wrote a strategic plan for COOPERVIL and assessed neighboring cooperatives that have solicited technical assistance from ACDI/VOCA.

A total of **48** assignments have been completed, representing 66% of ACDI/VOCA's volunteer activities under the CDP grant.

ACDI/VOCA-Brazil's program continues to emphasize the need for improving cooperative management, and strongly advocates cooperative business standards and procedures that have long been applied in the U.S. cooperative sector. Some examples include

- Employment of trained professionals to manage cooperatives;
- Independent financial audits;
- Inventory control systems;
- Regularly elected volunteer board members; and
- Well-defined business and strategic plans.

## ***Mozambique Component***

### **PROGRAM OVERVIEW:**

CDP has been operating in Mozambique since June 1997, under the direction of USAID SO1, Increased Rural Income in Target Areas, in the four provinces of Sofala, Manica, Zambezia, and Nampula. The volunteer component focuses on short-term technical assistance to increase the profitability of rural enterprises, and increase market access for smallholder producers.

Instability and economic decline in Zimbabwe has resulted in a restriction of the regional market for Mozambican producers. A massive reduction in the market price of cereals and niche crops, such as ginger, has seen many producers transferring their sales to Malawi and Zambia. Inherent problems with infrastructure and high transportation costs have resulted in a decline in sales revenue for the border provinces. Towards the end of the reporting period, the situation was beginning to stabilize.

Severe flooding across southern Mozambique, South Africa and Zimbabwe cut road links between the center north and more prosperous south. Traditional market links were severed during the period, and surpluses in the north were not generally used for relief of flood affected regions because of transportation difficulties. One district of the CDP geographic coverage was affected by flood resulting in some crop loss, although the impact on livelihoods was not severe as the area depends mainly on fishing and coconut production. Water levels had returned to normal by the end of June. An estimated 7% of the national maize and rice production was lost and approximately 12% of cultivated land.

At the close of the reporting period, the Government announced that 150 South African and Zimbabwean commercial farmers would be granted land tenures of up to 50 years in Manica Province. An increase in local employment and an expansion of the regional market are expected, although the extent of this will not be known until the year-end, at the earliest.

### **PROGRAM ACCOMPLISHMENTS:**

In the last six months, the CDP has met with over 20 international NGOs, 14 local NGOs and organizations, district and provincial government directorates, and over 20 rural associations. Two pamphlets, "Reaching Consensus – Voting Procedures for Non-literate Groups", and "Who is Responsible? – Roles & Responsibilities for Association Leaders" were produced in English and Portuguese, and distributed to local association and union groups. A further two pamphlets, a basic introduction to apiculture and lessons in marketing investigation, were under development for distribution in August 2000.

CDP staff participated in the National Animal Traction Conference, providing lectures on new technology and development, and will sit on the founding board of the Regional Animal Traction Network. Initial discussions with local government have resulted in the development of a trade fair initiative, which CDP will develop and host. ACDI/VOCA has contacted over 30 local SME's during the reporting period with regard to participating in this event.

Janet Richardson continued the long-term volunteer assignment in collaboration with VSO (Voluntary Service Overseas) with a local district union of agricultural associations, developing transparent financial systems and advising on small income generating activities. As part of the VSO second assignment, Ms. Richardson has begun developing a training program (in collaboration with Food for the Hungry International) for use with non-literate groups. The program is developing a series of 'training boards' that illustrate the basic principles of marketing using portable design spreads for use in the field. The program was tested with local union leaders in June and a second phase of training sessions will be delivered to FHI and local Government extension agents in September. CDP will publish and distribute the final training pack to local organizations and district unions.

The volunteer was interviewed by a national publication (*The Metical*), where she discussed CDP involvement in association and union development.

The three-month marketing consultancy ended with the development of a “Study of Marketing Potential Along The Beira Corridor”, distributed to over 20 local organizations and commodity buyers.

Eleven volunteer scopes of work were written, four completed (detailed in the table below), and seven were in the process of being recruited:

- A double assignment (081005/6) to develop and construct a fixed position solar dryer. Two volunteers have been requested by a community center and an agricultural institute to introduce commercial fruit drying and improve income generation within the target groups.
- KSM (a local community development NGO) has received funding from Belgian donors to develop a system of community banks that will improve access to credit, especially to women entrepreneurs. CDP has been requested to send a volunteer to provide training in the main aspects of micro finance management and credit control.
- As a follow up to assignment 081005, a volunteer has been requested to coordinate the marketing and commercialization of dried fruits for a local community center. With assistance from the volunteer, the center will develop a processing / drying area with expansion into an on-site shop managed and staffed by center members.
- Following the construction of solar dryer (assignment 081006), the agricultural institute will receive volunteer assistance in training on the basics of marketing and solar drying as an income generating activity. The solar dryer and marketing training will be used as part of the institute’s curriculum development for Mozambique’s national extension staff.
- Our third assignment in apiculture will begin in September. Training focusing on improved product quality and bee management will support the 30% yield increases seen since assignment CD100013 of August 1999.
- A new collaboration with the Agriculture Faculty of UCM (Universidade Católica de Moçambique) has resulted in a request for a volunteer to provide training in the principles of agricultural extension. Seminars will follow a five-day field study to assess the organization of the domestic extension network.

Equipment procurements over the period included a replacement desktop computer following the corrosion of the original model’s motherboard. CDP also purchased a push bicycle that facilitates transport to rural associations inaccessible by motor vehicle. The bicycle is available to volunteers who wish to use it for transport around Beira city.

#### **PROGRAM DIRECTION:**

ACDI/VOCA has maintained close relationships with local and regional buyers, contacting over 20 cereal and spice buyers and forging links with three European commodity traders. Final bids for the sale of 20 MT of dried ginger produced by ACDI/VOCA target groups were issued in June, following close monitoring by CDP staff in partnership with a local NGO, KSM. Negotiations began with a European donor agency to assist local producers with transport costs in order to increase access to international markets.

The USAID mission in Maputo authorized an expansion of CDP target areas to include partnership with UCM (Universidade Católica de Moçambique) in Niassa Province, which will benefit smallholder producers in four provinces.

#### **BUSINESS DEVELOPMENT:**

ACDI/VOCA continues to negotiate with the UNOPS PDHL program to establish an MOU for the provision of training in association development to three district offices. It is expected that ACDI/VOCA will design and implement a series of training manuals for use with community groups and local government officers.



## ***Rural Finance***

### **Kyrgyz Republic: Shaping a New Strategy for Rural Credit**

Since 1997, ACDI/VOCA has worked to establish lending programs that would respond to demands for credit from farmers and rural borrowers, a market that has enjoyed limited access to reliable financial services. Financial resources generated under a USDA Food for Progress Monetization Program were used for lending capital and operating subsidies.

The original intent of the food program was to expand the lending capital of existing credit institutions. No viable ones were identified. Instead, ACDI/VOCA joined with other international organizations (GTZ in Osh, Swiss Caritas in Djalal Abad, and Winrock International in Bishkek) to found three farm credit associations.

In 1999, the association was determined to be a less than optimal legal structure. The Ministry of Justice, which accepted the charters of the associations, informed us that the charters were now invalid. There were three significant legal challenges:

First, the charters stated the purpose of the associations was to deliver credit services on a sustainable manner to their members. Associations are by legal definition, non-commercial. Their primary purpose cannot be commercial. They can engage in commercial activity to further their non-commercial purpose, but not establish themselves for the purpose of carrying out a commercial activity as an end in itself.

Second, while an association could be involved in lending to further a non-commercial purpose, it is limited to lending its own capital. ACDI/VOCA and its partners had lent the loan capital to the associations at no interest, rather than to capitalize the association with these resources. Therefore, the associations were violating the law by lending borrowed resources.

Third, the charters stated that the association members (the founders at that point in time) enjoyed a limited liability with relation to the association. Again, the Ministry of Justice stated that this was not consistent with the civil code, which defined associations as entities in which members maintain a subordinate responsibility for the liabilities of the association they have formed.

In response to these legal challenges, all three associations signed their ACDI/VOCA-funded loan portfolio back over to ACDI/VOCA. Djalal Abad signed its Caritas-funded loan portfolio over to Caritas. The credit associations revised their charters. Staff of the associations continue to screen loan applications and service the loan portfolios. However, the loan contracts are now signed directly between ACDI/VOCA or Caritas, and the borrowers.

**CDP Input.** Since January 1, CDP provided approximately 15 person weeks of technical assistance. In March and April, Robert Fries and Elena Patapievoli, of ACDI/VOCA's Rural Finance department, joined ACDI/VOCA's General Counsel Bill Irelan and Stephen Lauzon, a strategic planning consultant funded under ACDI/VOCA's Food for Progress activity in Kyrgyz Republic, in formulating an optimal strategy for addressing these legal and institutional challenges.

The strategy (a copy of which is addressed as an Annex) involves:

- converting the three former credit associations into a single foundation;
- launching the foundation by this fall, with ACDI/VOCA and Caritas as founding members;
- transferring the loan portfolio and liquid assets to the foundation, once its charter is approved;
- using CDP resources to provide 15 person months of a long-term banking advisor;
- soliciting additional funds from the mission in Almaty to expand this TA to three years;
- helping the foundation to grow toward sustainability and expand demand for a more diversified portfolio of loans, to the point where it could attract investment capital from small and large investors, and borrow from financial institutions.

At such a point in time, the Foundation would join other investors in creating an SCI or bank. The staff of the foundation would be transferred over to the new company.

In addition to this strategic planning, the team developed a draft charter for the foundation, which has been honed through subsequent negotiation with Swiss Caritas, legal advisors in the Kyrgyz Republic, and headquarters- and field-based staff. A final charter will be presented in the summer to the Ministry of Justice.

A long-term banking advisor has been identified and will take residence in September. Muhammad Junaid will bring a career in banking to this assignment, most recently as a World Bank-funded advisor and credit manager for a successful rural finance company in Malawi.

In a follow-up visit in May, Elena Patapievicci visited each of the three credit operations, to observe strengths, inconsistencies, bottlenecks, and areas for improvement. She helped the local staff develop a consistent lending policy and procedures manual, and conducted training for the loan staff of all three operations.

ACDI/VOCA has maintained continuous dialogue with the Almaty Mission and Bishkek office of USAID. The Mission Director visited our program in April, continues to monitor progress with our activities in the Kyrgyz Republic, and has asked us to follow up on our unsolicited proposal to extend our long-term technical assistance in early 2001.

### Impact

As the table below illustrates, the oldest credit association, in Osh, made its first loans in the fall of 1997 and is currently serving 303 borrowers. With the beginning of operations in Chui and Jalal Abad oblasts over the last year, the credit associations are now reaching 569 borrowers, with a portfolio of \$637,663.

<b>Profiles by lending office As of June 1999</b>	<b>Osh</b>	<b>Chui</b>	<b>Jalal Abad</b>	<b>Total (currency in US dollars)</b>
First loans	Fall 97	Fall 98	Spring 99	
Number of borrowers	303	152	114	569
Portfolio in soms	14,154,631	9,530,598	6,284,954	\$637,663
Average loan balance	39,925	58,612	52,424	\$1,121
% of portfolio past due	16.4%	16.1%	12.9%	16%
Operating Expenses/ Average Portfolio	19.8%	24%	26%	
Operating Self-Sufficiency	230%	184%	260%	
Financial Sustainability	98%	47%	92%	

The quality of the loans has declined, with an average delinquency rate climbing from 8% to 16%. Part of this is explained by the larger number of crop production loans that come due with a balloon payment in the spring. To address this situation, pilot products have been developed to begin to diversify the portfolio, with an increasing number of small business and livestock loans, which have a more constant and shorter term repayment profile. All three operations have achieved operational self-sufficiency—that is their incomes from fees and interest exceed their expenses, including those for loan loss reserves and taxes. When one imputes the cost of inflation, however, the offices are not yet financially sustainable, but continue to make progress toward that goal. In Osh and Djalal Abad for example, income for the year so far has exceeded more than 90% of all costs, including the cost of inflation. A significant drop in the inflation rate has been an important factor. Finally, a prior drop in the number of borrowers and size of the loan portfolio was reversed in this period, with each remaining relatively constant despite the efforts dedicated to strategic planning and institutional reorganization.

## **Counterpart Contributions**

Interest payments to date total more than \$273,800, with more than \$90,000 in interest paid during the current period.

## **Peru: National Association of Cajas Rurales**

During this period, a number of Cajas Rurales have pursued a merger that would result in a rural bank in Peru. As mentioned in our last report, the level of effort required for such an undertaking far exceeds the resources for technical assistance available under CDP. For this reason, he agreed to make resources available for the initial assessment that was carried out by Jorge Noda late last year. It was agreed that other resources would be used to respond to the particular needs of individual cajas. Limited needs of this nature have been identified.

During the last semester, CDP provided six person weeks of technical assistance to the National Association. Advisor Jorge Noda worked with three Cajas Rurales to assess the benefits and costs of merging, as well as a turnaround plan with the Caja Rural Cruz de Chalpon. Volunteer Charles Meeks complemented this work with the Caja Rural Cruz de Chalpon, by advising them on improvements in the management of problem loans.

## **HQ Strengthening:**

ACDI/VOCA proposed to use CDP resources to help establish a rural finance resource center at headquarters, one that could communicate best practices in the field, identify and share across our regional divisions the lessons learned and products developed by our projects, and help to diversify the sources of funding that ACDI/VOCA has to implement rural finance activities.

In the last six months, our Rural Finance unit has made progress in these areas by:

- Developing a comprehensive presentation on our rural finance best practices; and,
- Initiating training of project coordinators in using our database for capturing consistent performance information from our financial counterparts.

While time dedicated to proposal development is not charged to the CDP, Rural Finance staff members have also made a significant effort in working with regional staff to improve the quality of our proposals and project oversight.

## **ACDI/VOCA & Southern States Cooperative (SSC) Development in Ukraine**

### **Overview**

CDP in Ukraine started on June 1, 1997 and is expected to end on May 31, 2002. Southern States Cooperative (SSC), a long-time member of ACDI/VOCA, is a subgrantee to ACDI/VOCA for this project activity in Ukraine. The primary deliverable of SSC's activity is the establishment of a functioning, Western-style agricultural cooperative system, owned and managed by private Ukrainian farmers. While helping Western Cooperative in Rivne to become a successful business will achieve our primary deliverable, SSC also intends to broaden its client base to include two additional cooperatives, the Sambir and Zhydachiv cooperatives.

### **HQ/Field Administration**

In the beginning of 2000 ACDI/VOCA reassigned the coordination responsibility for CDP Ukraine. The former coordinator, Carl Hammerdorfer, left ACDI/VOCA at the end of 1999. The CDP Ukraine management was then transferred from ACDI/VOCA's Agribusiness Division to the Europe and Eurasia Division. The new project coordinator for CDP Ukraine is Daniela Ionova-Swider. Fred Smith is the Regional Assistant Vice President who provides management supervision to the project.

SSC's manager of this activity is Tom Garnett, recently retired as vice president for cooperative development, who is now a consultant for Southern States. His primary responsibility is the management of SSC's subgrant. Mr. Garnett has traveled to Ukraine seven times since November 1997.

In Ukraine, no significant staffing changes were made. Dr. Vitaly Zinovchuk, president of the National Cooperative Union and vice president of the Private Farmer Association, remains SSC's primary paid consultant in Ukraine. He was involved in the implementation of Ukrainian Presidential Decree on Agrarian Reform. The decree is intended to simplify and improve the climate and procedures for cooperative development in Ukraine, including procedures for obtaining land titles, business structures for farms, legal requirements etc. Dr. Zinovchuk participated in the process both as a researcher and as president of the Co-op Union. He is constantly in touch with ACDI/VOCA and Southern States Cooperative through e-mail and sends regular updates on project activities and the overall state of agriculture in Ukraine.

In the beginning of February, Dr. Zinovchuk met with the new Ukrainian Prime-Minister, Mr. Ushchenko, and briefed him on the activities under the CDP in Ukraine. The Prime Minister was very interested in Dr. Zinovchuk's presentation and expressed his support for CDP activity.

### **Impacts**

The major objectives of this project have not changed over the past two years and will remain in place for the balance of the project, barring any major changes in our operating environment. These are:

- To build sustainable farmer-owned cooperatives by growing the business and increasing membership;
- To connect credit union or other financing facilities to these cooperatives;
- To attempt to link the individual cooperatives into a regional distribution system, or at least begin the long-term planning for this; and,
- To use improved agricultural production and processing by cooperatives and their members as a means to attract new members and achieve business sustainability.

To reach these objectives, Ukraine CDP has provided technical and business consulting, training as well as material assistance to Western Cooperative (Zachidni in Ukrainian), Rivne Oblast, over the past twenty-one months.

As a continuation of our efforts in Ukraine, Mr. Garnett planned, scheduled, organized, and supervised a two-week US-based training program for selected Western Cooperative board and management personnel during February

2000. The purpose of the training was to familiarize the Ukrainian personnel with the U.S. cooperative system. Training focused on the management of a local input supply cooperative as well as providing an overview of production agriculture practices used by U.S. farmers.

The training was comprised of three segments. The first segment introduced the history of cooperative development by local farmers and to familiarize the Ukraine visitors with the organization of Southern States and how it is governed and managed – from local cooperatives to the corporate level.

The second segment consisted of visits to selected farmers engaged in dairy, swine and crop production. These visits were organized to allow maximum discussion time and to observe “hands-on” daily management techniques employed on the farms visited. All of the farms visited were carefully selected to insure appropriate hospitality and adequate time for in-depth discussions between the Ukraine visitors and the farmer.

The third segment focused on the business operation of a local cooperative and the responsibilities of the manager and the board of directors. The final activity in this segment was the preparation by the manager and board members of a five-year strategic plan specifically for Rivne Cooperative in Ukraine.

While helping Western Cooperative become a successful business will achieve the primary deliverable, the project also intends to broaden its client base to include one or two additional cooperatives. Towards that end, Garnett traveled to Western Ukraine in late March to meet with and evaluate other farmer groups. After scores of meetings, the project has made good progress with groups in Zhydachiv and Sambir, both in Lviv Oblast.

Cooperative development activity at Rivne, Sambir and Zhydachiv is the continuing focus of the geographic development area in Western Ukraine.

## **Western Cooperative**

Western Cooperative continues to make excellent progress. The board chairman, another board member, and the manager participated in an intensive training program in Virginia hosted by SSC in February 2000. Even though Mr. Garnett was there only three weeks after the return of the Western Cooperative leaders to Rivne from the US, he was glad to notice numerous changes in management of the cooperative. Additionally, the board met every week to share with other members the “new ways of feeding and management” they learned while discussing US production techniques with Virginia farmers.

Presently, there are 32 private farmer cooperatives registered in Ukraine with the Ukraine Cooperative Union (UCU). Western Cooperative was selected as the second most successful cooperative in UCU. The installation of a small feed mill in October 1999, funded by the Ukraine CDP project, has attracted farmer interest from neighboring Oblasts.

Using formulation, nutritional, and feed manufacturing technology provided by SSC, Western-style complete feeds for dairy and swine have been manufactured by Western Coop and used in nine formal feed trials. Production results have been outstanding. Two “open house” events were conducted at the end of the trials and over 120 private farmers attended. Bud Miller, a volunteer and nutritionist from Nevada, available through Alliance, was the key presenter at the Open House events and provided US-style swine management training.

Quality feeds produced by a private farmer cooperative are now a reality in Rivne and Lviv Oblast. Demand for feed is steadily increasing and membership has grown to over 30 members. One non-member who was the largest purchaser of feed is joining the cooperative specifically because of the outstanding daily weight gain he is observing on his swine farm.

The enthusiasm and development of member support for the cooperative is reflected in the financial results of the first quarter of year 2000. Western Coop’s financial statement shows a net profit of \$575 from sales of feed. Based on training received at SSC during their U.S. visit, the board of directors developed and approved a five-year strategic plan for Western Cooperative.

The board of directors scheduled a meeting to correspond with Garnett's visit to solicit his counsel and advice for issuing preferred and common stock. Dr. Zinovchuk volunteered the services of UCU's lawyer to assist with the process. The spirit of cooperation within the cooperatives continues to grow. UCU is beginning to provide significant administrative support, which is part of the services member cooperatives receive at no additional cost.

## **Sambir Cooperative**

One of the highlights of Mr. Garnett's last trip was the visit to Sambir Cooperative. Last December they voted in a new chairman of the board who is an outstanding farmer and highly respected leader in the community. Prior to his election as chairman, SSC and ACDI/VOCA staff had visited the Sambir Cooperative four times. Over 30 farmers attended a special meeting to review recent swine and dairy feed trials using feed manufactured by Western Cooperative at Rivne. The interest and enthusiasm was beyond our expectations. Under leadership of the new chairman, a manager has been hired and they have established a list of twenty-one items to be accomplished in the next six months. The main focus will be grain cleaning, grain drying and grain storage. However, after reviewing the results of the feed trials, the members unanimously determined they needed high quality feeds and therefore will need a feed mill.

Several members of the board had visited Rivne Cooperative to observe a cooperative board meeting and learn the governance procedures of a true cooperative operating on democratic principles. This was an inspiration for them to see the one-member, one-vote system in action, following Roberts Rules of Order in the conduct of the meeting. They returned home and implemented the same principles which was a breath of fresh air to farmers who had been dominated all their lives and never had an opportunity to express their opinions in an open meeting. The farmers are hungry for the opportunity to have open discussions and participate in the decision making process for prioritizing what services and products they need most to improve farm production and profit.

The next planned Ukraine CDP support activity for Sambir Cooperative is to provide them with same type of feed mill procured for Western Cooperative at Rivne.

## **Zhydachiv Cooperative**

To date four visits to Zhydachiv Cooperative have been made by project staff. As evidenced at Sambir, the key to progress in developing private farmer cooperatives in Ukraine is leadership integrity. A very similar change has occurred at Zhydachiv as occurred at Sambir: a new chairman, Myroslav Horachek, has been elected and is highly respected by the private farmers. He has visited the U.S. and had the privilege of spending a significant amount of time on swine farms and has implemented many of the concepts he learned in the U.S. on his farm, including a swine growing and finishing house.

During the last visit in October 1999 project staff had completed agreements with selected farmers in the cooperative to conduct dairy and swine feed trials. The feed was to be manufactured by Western Cooperative at Rivne. To insure the feed trials were properly planned and conducted, we arranged for the manager at Rivne to visit Zhydachiv in December and coordinate the ninety-day feed trial.

An open house was held on March 27, 2000 in conjunction with Garnett's visit to allow farmers to hear the results of the trials and see the difference in animal growth and milk production. About 30 farmers attended the event. The results of the trials were highly applauded by the farmers in attendance. One of the swine had been slaughtered at 100 kilos and the pork loin prepared as shish kebab and served to the farmers in attendance. Many of them had never tasted "lean pork" because the typical Ukraine swine is slaughtered at 150 kilos and is very fat. Many of the farmers were so surprised by the taste and texture of the meat they said they would never again grow swine to 150 kilos.

Mr. Garnett's last visit to Ukraine resulted in the proposal to procure feed mills for the Sambir and Zhydachiv Cooperatives. This proposal was discussed with ACDI/VOCA and USAID and the procurement of the feed mills has been formally approved. Mr. Garnett and Ms. Ionova-Swider are working on the details of the procurement request.

## CONCLUSION

The successes mentioned herein have not been without frustration and test of patience on the part of the project manager and the part-time Ukraine members of the project. However, it has proven that when integrity and principles are the cornerstones of an activity, even in a former soviet republic, the honest and good people will come forward and join in the effort and produce desired results. The commitment of the farmers at three different cooperatives is good indication that progress is being made and hopes for the future are bright.

Private farmers influenced by these cooperatives are now beginning realize that if they want change in the Ukrainian cooperative system, they must come together in a spirit of cooperation and teamwork. There is mutual respect and trust between the cooperative leaders and the project manager that provides a strong foundation for future cooperation.

The offices of ACDI/VOCA in both Kiev and Lviv have provided outstanding administrative support for this project. The spirit of teamwork they have given reflects highly on the personnel in these locations and has contributed immeasurably to its success.

## **Rural Finance Annex: ACDI/VOCA Strategy for Continuing the Rural Lending Program in the Krygyz Republic**

### **Background**

Since 1997, ACDI/VOCA has worked to establish lending programs that would respond to demands for credit from farmers and rural borrowers, a market that has enjoyed limited access to reliable financial services. Financial resources generated under a USDA Food for Progress Monetization Program were used for lending capital and operating subsidies.

The original intent of the food program was to expand the lending capital of existing credit institutions. No viable ones were identified. Instead, ACDI/VOCA joined with other international organizations (GTZ in Osh, Swiss Caritas in Djalal Abad, and Winrock International in Bishkek) to found three farm credit associations.

In 1999, the association was determined to be a less than optimal legal structure. The Ministry of Justice, which accepted the charters of the associations, informed us that the charters were now invalid. There were three significant legal challenges:

First, the charters stated the purpose of the associations was to deliver credit services on a sustainable manner to their members. Associations are by legal definition, non-commercial. Their primary purpose cannot be commercial. They can engage in commercial activity to further their non-commercial purpose, but not establish themselves for the purpose of carrying out a commercial activity as an end in itself.

Second, while an association could be involved in lending to further a non-commercial purpose, it is limited to lending its own capital. ACDI/VOCA and its partners had lent the loan capital to the associations at no interest, rather than to capitalize the association with these resources. Therefore, the associations were violating the law by lending borrowed resources.

Third, the charters stated that the association members (the founders at that point in time) enjoyed a limited liability with relation to the association. Again, the Ministry of Justice stated that this was not consistent with the civil code, which defined associations as entities in which members maintain a subordinate responsibility for the liabilities of the association they have formed.

In response to these legal challenges, all three associations signed their ACDI/VOCA-funded loan portfolio back over to ACDI/VOCA. Djalal Abad signed its Caritas-funded loan portfolio over to Caritas. The credit associations revised their charters. Staff members of the associations continue to screen loan applications and service the loan portfolios. However, the loan contracts are now signed directly between ACDI/VOCA or Caritas, and the borrowers.

Neither ACDI/VOCA nor Caritas sees this as a long-term or particularly desirable solution. Both are facing changes in their existing programs in the Kyrgyz Republic over the next six months. Both have sent teams to assess the situation in recent months, and to propose an optimal solution. Both want to contribute to the development of local entities governed and owned by Kyrgyz citizens.

Both were considering two alternatives for the future legal structure of the lending programs: the specialized credit institution in the form of a joint stock company, and the credit union. Caritas advisors carried out an assessment of these options, and highlighted the strengths and weaknesses of each. ACDI/VOCA's team (Steve Lauzon, a strategic consultant, and Robert Fries and Elena Patapievic of ACDI/VOCA's Rural Finance Department, and William Irelan, ACDI/VOCA's General Counsel) considered these strengths and weaknesses as well in their search for an optimal solution.

On the one hand, credit unions would be locally owned from the beginning. There would be a link between local savings and credit, so that the local financial market would be one source of funds from the beginning. In theory, and often in practice, credit unions are a bottom-up mechanism in the development of financial markets. The legislation surrounding credit unions is newly defined, but defined nonetheless. Furthermore, a proposed amendment to the tax code would provide credit unions with tax exempt status, which is useful in a climate of high inflation.



In comparison, the joint stock company, while formed in this way in order to be able to attract a broad capital base in the future (both by small shareholders like farmers and larger Kyrgyz investors), would be owned initially by international development organizations. This would result in a more top-down approach to the development of this model within the rural financial market. Regulations concerning the licensing and reporting requirements of SCIs remain undefined, creating some doubt around our ability to establish this new legal entity in the near term. SCIs do not enjoy tax exempt status.

On the other hand, the track record of credit unions in the Kyrgyz Republic remains less than ideal. The experience and judgement of the Caritas consultants and our advisors in Osh and Djalal Abad raise concerns whether or not the theoretical notion of ownership and fiduciary responsibility by local savers is feasible in the near term. Local savers have had negative experiences with savings institutions, limited or no experience with viable credit institutions, and often a desire to find sources of credit at negative interest rates. In this context, a bottom-up approach to ownership is not sufficient for developing a sustainable organization. Potential owners need to be shown how such a credit organization is possible, and how reasonable interest rates on loans for profitable activities create a win-win situation, for both borrower and lender.

Furthermore, this lack of confidence undermines a local demand for savings services, which undermines the credit union's ability to lend. Initial legislation limits a credit union's ability to borrow to a ratio of one-to one. This may be raised to a level of four-to-one. Since only individuals can capitalize a credit union, this means in order to maintain the existing loan portfolio, the credit union(s) would need to capture at least \$150,000, if not \$600,000 in savings. Until that occurred, the current portfolio would need to be contracted. Finally, the tax-exempt status of credit unions is not a *fait accompli*. Rather it faces parliamentary debate and approval. The debate is expected to begin in mid-April.

In light of these realities, we were leaning to a joint-stock company SCI approach, while Caritas was leaning toward the credit union structure. Both of us wanted to continue our collaborative relationship. It was in this context that our planning team arrived in the Kyrgyz Republic.

## Approach

There were three main tasks:

- Determine if tax-exempt status might be defined in a way that would benefit other types of lenders to rural inhabitants of the Kyrgyz Republic, which required dialogue with the Finance Ministry.
- More clearly define the legal structure, which involved the selection of the type of legal entity, progress on a charter, which will ultimately be reviewed by the Ministry of Justice;
- Provide input into the SCI regulations that might be proposed by the National Bank, and develop the initial draft of a business plan that would form part of an SCI application to the National Bank, provided the SCI route is pursued.

The team made progress in each of these areas. We were informed by that language proposing tax exempt status for SCIs lending to agriculture and agro-processors has been added to the proposed amendment to the tax code.

## A Third Alternative: The Foundation

Dialogue with USAID made clear their preference for not expanding tax exemption to for-profit entities. Within the civil code, associations and foundations are non-commercial by definition, while joint stock companies are commercial, or for-profit, entities. We were already familiar with the limitations of the association. Interested in finding an alternative to the credit union and joint stock company approaches, while one that still offered the possibility of a tax exemption, we considered the foundation.

This approach had been considered last summer. However, our legal advisors raised a concern that the foundation decision would be final. Unlike a stock company or partnership, founders do not invest in a foundation, obtaining shares that can derive profit or be removed if they are dissatisfied with its management. Instead, they donate capital into the foundation that becomes the property of the foundation alone. Similarly, if the foundation excelled in lending, it could not be converted into a new entity better designed to tapping sources of funds from the local financial market. Only credit unions and stock companies licensed by the National Bank can capture savings, or lend resources borrowed from other financial institutions. Credit unions can have capital from members, and stock companies from investors. To expand its loan capital, foundations must find additional donors.

However, as we learned on this visit, foundations can take an equity position in a for-profit company, provided this investment is consistent with the non-commercial mission and the list of potential operations it identifies in its charter. This new information made the Foundation an attractive alternative.

ACDI/VOCA's objective is non-commercial. It hopes to contribute to rural development through the expansion of sustainable financial services for farmers, rural businesses, and others that have had limited access to these services, including micro-, small-, and medium-scale entrepreneurs. Wherever feasible, we prefer that these services be provided by broadly capitalized institutions, in which users can invest. In this way, local people who share our mission would own the institutions. We also believe it is important to have access to a range of sources of funds: both equity and liabilities.

Over time, the foundation does not preclude us from any of these possibilities. It also offers a more streamlined route to begin operations than the joint stock company/SCI and the credit union approaches. A foundation can lend its own equity. Therefore, it only needs to register as a legal entity with the Ministry of Justice, rather than obtain a license from the National Bank. With an approved charter, we can transfer the loan portfolio to the foundation, and the contracts can be between the borrowers and a nationally registered foundation, rather than international development organizations. The loan portfolio would not be limited by the ability to attract deposits in a fledgling credit union. While ACDI/VOCA, Caritas and (perhaps) Winrock would play a role in the board of directors as founders, we would also include qualified Kyrgyz nationals. This would create a governance structure that will encourage a sound and sustainable approach to lending from the beginning, while building the capacity of national board members and staff.

The foundation would continue to operate out of the three locations, but with:

- a management unit at the top providing guidance,
- a tighter system of internal controls,
- a consistent MIS that is more cost-effective across three branches than one,
- more consistent lending policies and procedures, and
- leadership and collaboration in developing new financial products.

The foundation will operate like a licensed entity in terms of safety and soundness, but without the need for National Bank license and reporting requirements (still to be defined) until it makes sense to do so. Events that would encourage the foundation to obtain a license include:

- Tax exempt status for rural-oriented SCIs;
- Growth of sustainability and demand for loans to the point that forming a joint stock company is an attractive option, which would allow the organization to tap investment capital small and large investors, and borrow from financial institutions.
- Sufficient demand for expansion and supply of investments to make a bank license, and consequently the authority to capture savings, possible.

At such a point in time, the Foundation would join other investors in creating an SCI or bank. The staff of the foundation would be transferred over to the new company. The foundation board would hire a new, smaller staff, dedicated to operations, such as technical assistance and grants, that would further its rural development mission. These operations would be funded by any earnings on the foundation's investments in the licensed company, as well as any foundation capital that is not invested in the new financial company.

From the beginning, since a foundation can wholesale loans as well as retail them, the foundation can also support the development of promising and viable credit unions. However, we can focus our technical assistance resources in building on the achievements of the staff and associations with whom we have been working, without contracting the current loan portfolio, or directing significant amounts of technical assistance to the boards and staffs of new and more numerous institutions.

As the Caritas consultants observed, launching a network of credit unions, if not a top-down exercise, will require considerable investments of time and money for “appropriate sensibilization at the village level.” In our experience, demonstrating new possibilities is often achieved by showing them a model that works, one with which they have some experience as customers. They are more eager to be responsible owners after being shown the feasibility and value of a sound lending operation.

For all these reasons, ACDI/VOCA endorses the foundation as the optimal legal framework for the existing lending programs. A comparison of strengths for the three alternatives are presented in Table 1 below.

As Table 1 shows, the Foundation option is the offers the:

- simplest registration process and fastest conversion of the loan portfolio from our ownership to that of a legal Kyrgyz entity (Mercy Corps has already completed this process, with their registration coming out of the Ministry on April 3, 2000);
- greatest likelihood of continued collaboration between ACDI/VOCA and Caritas;
- greatest cost-effectiveness for Caritas and ACDI/VOCA’s investment of technical assistance;
- least risky governance structure, but one which is still open to the immediate participation of local members; and,
- greatest continuity in terms of current operations.

While the other options show a better likelihood of obtaining tax-exempt status, no option is guaranteed this status and the foundation could avail itself of it by obtaining an SCI license. The door is not closed. Similarly, while a foundation could not tap savings without investing in a bank, the current demand for savings is low. At the same time, the introduction of savings will require a more complex structure. For the immediate future, the foundation will enjoy significant liquidity. Focusing on streamlining, diversifying and expanding the lending operations is not a bad position to be in.

Finally, even though a foundation is not a credit union, it could contribute to their development by lending to the most promising. In Russia, Ukraine, and Georgia, ACDI/VOCA has used foundations for this very purpose. The wholesale loans are twinned with processes of certification and technical assistance, in order to help more credit cooperatives operate as sound and safe financial institutions.

Table 1

<b>Strength</b>	<b>JSC SCI</b>	<b>Credit Union</b>	<b>Foundation</b>
<b>Conversion from current status</b>			
Clearly defined registration/licensing process	Not yet	Yes, with Min. of Justice and NB	Yes, with Min of Justice.
Speed with which operations begin	Longest	Medium	Shortest
CARITAS and ACDI/VOCA share interest	No	No	Possibly
Cost-effectiveness of banking TA based on scale of operations of beneficiary	Medium	Low	Highest, with ACDI/VOCA and Caritas collaboration
<b>Governance</b>			
ACDI/VOCA and Caritas can participate in governance structure in early years	Yes	No	Yes
Nationals can participate in governance structure in early years	No	Yes	Yes
Strong governance structure from start	Yes	No	Yes
<b>Operational Issues</b>			
Continuity in staff, products, and market image	Yes	More difficult	Yes
Tax exemption	If amendment passes	If amendment passes	With amendment and SCI license
Build on current loan portfolio without period of contraction	Yes	No	Yes
Can leverage equity with liability	Yes	Yes	Not until it invests in JSC
Can accept deposits	No	Yes	Not unless it is "converted" to bank
Can attract broad base of willing investors	After demonstrating viability	After expensive sensibilization	After demonstrating viability and forming JSC
Can project market image with limited impact of other entities	Yes, would be one of the first JSC SCIs	No, reputation rides with broader credit union movement	Yes, limited number of financial service foundations
<b>Credit Unions</b>			
Can strengthen credit union movement	Yes, through wholesale loans to the more promising	Yes, by forming some and through technical assistance	Yes, through wholesale loans to the more promising
Can focus on the most serious credit unions	Yes	Not necessarily	Yes

## Additional Tasks of ACDI/VOCA's Strategic Team

**Legal Charter.** In addition to research into the tax exemption issue and the foundation alternative, ACDI/VOCA's team has worked with our Kyrgyz attorney to understand the steps involved in establishing a foundation. Through her collaboration with our General Counsel, a working draft of a foundation charter is being established during the first week of April. Robert Fries will carry a copy of this draft with him for the meeting with Caritas in Lucerne on April 6.

**SCI Regulation.** While our current strategy does not envision immediate application for an SCI license, we want to leave this option open, and contribute to a regulation that is constructive. Therefore, the team has proposed draft language for an SCI regulation. A copy of this language will be attached, along with this strategy paper, to an e-mail to Caritas. The proposed language is open rather than rigid. Our core objectives are to:

- allow a range of legal entities, both commercial and non-commercial, to obtain an SCI license;
- to make license and reporting requirements flexible and appropriate to the scale and range of operations of the applicant; and,
- to allow SCIs to apply, over time, for authorization to add new financial operations.

Initial meetings with the National Bank have been constructive. A subsequent meeting is scheduled for Tuesday, April 4. They expressed a goal to propose regulatory language at a board meeting scheduled for late May.

**Draft Business Plan.** Based on research and interviews with staff and international advisors, our strategic consultant is developing initial draft of business plan for the new entity. This initial draft will be completed by April 15.

**Streamlining of lending operations.** Elena Patapievicci visited each of the three credit operations, to observe strengths, inconsistencies, bottlenecks, and areas for improvement. She will return for a five-week visit, beginning April 22, to collaborate on a consistent lending policy and procedures manual, and training for the loan staff of all three operations. Ms. Patapievicci brings a twenty-year career in rural banking and bank training to this task.

### Current Vision of Next Steps

While the following tasks and milestones are not written in stone, I know you wanted us to be able to communicate as concrete a vision as possible of what we are proposing, prior to our meeting. I offer the following vision of next steps in this spirit.

Lucerne Meeting. April 6. Discussion of proposed strategy with Caritas staff, to determine possible areas of future collaboration and time line for implementing these steps. Objectives for the meeting include:

- general agreement on our mid-term strategy;
- areas for potential collaboration (such as technical assistance, loan capital, and investments in such items as MIS);
- basic framework for this collaboration, including general responsibilities and reporting structure; and
- identification of next steps and milestones for the transition period.

Similar discussions will take place with Winrock, International.

### April-May.

- Agreement on roles of potential collaborators.
- Agreement with USAID/Washington to recruit long-term banking advisor.
- Agreement on Charter language and proposed board members.
- Submission of application to Ministry of Justice, complete with all required documentation of the founders, translated, notarized, and apostilled by relevant staff in Kyrgyz embassies in the United States and Switzerland, or by general counsels in our respective countries in the Kyrgyz Republic.

- Technical assistance in lending operations.
- Adaptation of business plan.
- Recruitment of long-term advisor.

#### **June-July**

- Target for Registration of the Foundation.
- First board meeting of the Foundation.
- Donation of loan portfolio into the foundation, along with additional resources as warranted for up-front investment
- Arrival of long-term (2 year) advisor in July, to serve as initial general manager of the Foundation,
- Designation of local staff person as deputy manager
- Hiring of Chief Accountant for the Foundation.

In addition to this legal and structural change, investment in a cost-effective MIS is required during the next six months. Consistent and reliable MIS will facilitate the introduction of consistent practices and internal controls at the three operating locations, and allow financial analysis to be managed at the headquarters, complementing a focus on viable lending in the field.

#### **Long-term Vision**

The foundation develops a consistent and viable model for lending to rural borrowers. It diversifies its products, streamlines its policies, and expands its portfolio to more than \$1 million over the next year or two. It considers its options for maintaining itself as a foundation, for obtaining an SCI license, or for investing in a company that obtains an SCI or bank license. When it makes business sense to make one of these changes, the foundation will.

## Mozambique Volunteer Assignment Summary, January – June 2000

Assignment Number, Volunteer and Host	Mozambique Volunteer Assignment Summary	Duration	Province
<b>081001 Mr. Clair Hein</b> Instituto Agrária de Chimoio C P 113 Chimoio Tel: (258 51) 23293 Fax: (258 51) 24061 iac.chimoio@teledata.mz Contact: Mr. João Ferrão	<p><i>Skills Development</i></p> <p>Provided a series of lectures to the directorate and staff. Topics included: Strategy Management &amp; Institutional Planning, Group Management &amp; Evaluation, Information Systems &amp; Communications. Gave seminars on methods of improving and strengthening relationship between host and surrounding agricultural community.</p> <p><i>Observations and Follow-Up</i></p> <p>This is the second in a series of projects with IAC – the only agricultural vocational college in the country. The first part focused on Gender &amp; Development (CD100014). As a result, new management systems are in place and the overall teaching capacity is coming closer to reaching its full potential. There is a strengthened emphasis on community involvement.</p>	1/7/00 to 2/4/00	Manica
<b>081002 Mr. John Moulton</b> UCAMA C P 138 Chimoio Tel: (258 51) 23432 Fax: (258 51) 23916 Contact: Mr. Emilio Conrado	<p><i>Association Development</i></p> <p>Took part in field observations to assess the current state of the association movement. Conducted a series of participatory workshops with association and union leaders to develop association formation and management skills, and to assess viable economic activities. Training formed part of the union's farmer-to-farmer extension network, aimed at increasing the participation of rural producers at a provincial level.</p> <p><i>Observations and Follow-Up</i></p> <p>This was the first in a planned series of collaborations with the provincial union, providing training to the outreach staff. UCAMA has appointed leader farmers from member associations to participate in the extension training and to improve links between rural producers, local associations and provincial organizations. Target areas have expanded and membership increased.</p>	1/12/00 to 1/29/00	Manica

Assignment Number, Volunteer and Host	Mozambique Volunteer Assignment Summary	Duration	Province
<b>081003 Mrs. Verlee Hein</b> IAC (Instituto Agrária de Chimoio) Tel: (258) 51 22115 / 23293 Contact: Mr. José Tuia	<i>Institutional Management Feasibility Study</i> Created a recommendation survey for staff of the Production Unit over an 11-day period. Advised staff on production and use of surplus of on-site crops; adjustments towards nutrient -specific crops; introduction to QPM; and improved management and organizational structures to the teaching and non-teaching staff. <i>Observations and Follow-Up</i> IAC received assistance from SG2000 to develop a QPM research plot. Two courses on health and hygiene management have been delivered and rehabilitation of the student residence has been completed. The volunteer's final report and information appendices have been distributed to 10 local organizations.	1/7/00 to 2/4/00	Manica
<b>081004 Mr. Jordan Holtam</b> GTZ/Campanha Terra Rua Zambia Chimoio Tel: (258 51) 22841 Fax: (258 51) 23430 Contact: Jens Kallabinski	<i>Community Land Use Planning</i> Mentored staff in community development training; conducted workshops on training needs assessments and capacity building; conducted workshops on planning for self-help development. <i>Observations and Follow-Up</i> Changes to the management structure of the hosts (June) signify that the impact of the assignment and the follow up necessary is still under consideration. The assignment counterparts will participate in further training programs on 'training of trainers' methodology and the development of a new skills building program started during the reporting period.	3/31/00 to 5/14/00	Manica



## OVERVIEW OF BRAZIL PROGRAM

Assignment Number, Volunteer, and Host	2000 Brazil Volunteer Assignment Summary	Duration	State
<b>082001 Mr. Peter McDonald</b> <b>Cooperativa Agropecuária e Extrativista da Amazônia</b> <b>Rod. Br 364, KM 180</b> <b>Extrema, Rondonia CEP 78928-000</b> <b>Tel: 011-55-68-238-1203</b>	Assessed COAPEX's current processing and marketing procedures and provided up-to-date marketing and nut processing information. Wrote a marketing plan that will help COAPEX improve its sales.	2/2/00 to 2/17/00	Extrema - RO
<b>082004 Dr. Hugh L. Moore</b> <b>Secretaria De Indústria e Comércio</b> <b>Governo do Estado do Tocantins (SIC)</b> <b>Coordenador: Sr. João Cruz (Assessor)</b> <b>Tel: (063) 218-2004 / 978-2275/218-2090</b>	Wrote a proposal on public policies that will promote the development of the agricultural industry sector of fruit and other agricultural industries in general. The study focused on the use of cooperatives as an agent of change.	03/14/00 to 03/24/00	Tocantins - TO
<b>082005 (Recruiting)</b> <b>COOPERFRUTOS</b> <b>BR. 174 , km 12 , Chácara 1, gleba 1</b> <b>Vilhena RO</b> <b>Rondônia - RO CEP 78-995- 000</b> <b>Tel/Fax: 011-55-69-322-4612</b>	Evaluate production of mangoes, bananas, oranges, coconuts, guava, figs, and pineapple. Offer suggestions on improving production and using appropriate technology/resources for the cooperative. Provide current information on soil and water conservation techniques and integrated pest management approaches.	10/08/00 to 10/22/00	Vilhena - RO
<b>082006 Dr. Maclay Burt</b> <b>Cooperativa Mista Agroindustrial De Vilhena</b> <b>COOPERVIL</b> <b>Vilhena -Rondônia</b> <b>Tel: (069) 322-4899 OR 9986-9923</b>	The project focuses on problems with spoilage in processed fruits such as papaya, mango, guava, passion fruit, banana, oranges etc. The project includes a training program in how to write a business plan.	06/13/00 to 06/28/00	Vilhena - RO
<b>082007 Dr. Andrew Brown</b> <b>Cooperativa de Produtos Hortifrutigranjeiros Brasil</b> <b>Norte LTDA.</b> <b>Setor Terra Rica S/Nº , Chácara nº 09, Vilhena - RO</b> <b>Tel: 011-55-69-321-1985</b>	Provide basic training on integrated pest management (IPM) techniques, specifically the control of small insects and microorganisms.	11/11/00 to 11/25/00	Vilhena - RO
<b>082008 Mr. Leroy Vanicek</b> <b>Cooperativa Batavo Nordeste</b> <b>Praça Getúlio Vargas, 199</b> <b>Centro – Balsas – MA Brazil</b> <b>Phone: 55-98-541-2844</b>	Train cooperative officials in how to write a business plan. Provide current information on cooperative business planning. Assist the cooperative in writing a business plan while providing recommendations on how to improve management and increase profits.	9/8/00 to 9/23/00	Maranhão - MA

Assignment Number, Volunteer, and Host	2000 Brazil Volunteer Assignment Summary	Duration	State
082009 Mr. Larry Grell Cooperativa Agropecuária Batavo Nordeste -BATAVO- Praça Getúlio Vargas, 199 Centro, Balsas Maranhão – Brasil. Phone: 55-98-541-2844	Provide current information on rice production and quality control. Write a report providing recommendations on how to improve rice production and increase profits.	09/01/00 to 09/15/00	Maranhão - MA
082010 – Mr. Bruno Keller COOPAGRO Rodovia BR Transcmetá KM 3,5 Tucuruí – Pará , Brazil Tel.: 011-55-91-787-1730 or 91-7783141	Evaluate potential market for dairy products. Evaluate the cooperative's products and offer suggestions on expanding markets and distribution alternatives. Provide current dairy processing information and assist in writing a strategic marketing plan that includes new procedures and marketing strategies designed to develop and expand the cooperative's share of the dairy market.	10/04/00 to 11/02/00	Tucuruí - PA
082011 (Recruiting) Cooperativa Integral De Reforma Agrária De Monte Alegre – CIRAMA Rodovia PA 254 KM 01 ARMAZÉM 01 Monte Alegre – Pará , Brazil Tel.: 011-55-91-533-1183	Evaluate seed market potential. Provide current seed processing information and assist the cooperative in writing a strategic marketing plan that includes new procedures and marketing strategies in order to develop and expand the cooperative's share of the market.	09/16/00 to 09/30/00	Monte Alegre - PA
082012 (Recruiting) Cooperativa Da Industria Pecuaria Do Pará – SOCIPE Rodovia Arthur Bernardes 2780 Belém – Pará , Brazil Tel.: 011-55-91-258-2248	Assess the market potential for beef. Evaluate the cooperative's products and offer suggestions. Provide current strategies to market fresh meat at butcher shops. Assist in writing a strategic marketing plan.	10/01/00 to 10/15/00	Belém - PA
082013 (Recruiting) Cooperativa Mista Agropecuária Do Jari – COMAPEJ Rua 94, 136 intermediário Monte Dourado PA CEP: 68240-000 Phone: 55-91-735-1773 OR 735-1919	Train cooperative officials in how to write a business plan and assist them in doing so. Provide recommendations to improve management and increase profits.	09/02/00 to 09/16/00	Monte Dourado - PA
082014 (Recruiting) Cooperativa Dos Atacadistas E Varejistas Do Comércio	Train cooperative officials in current cooperative management practices.	09/02/00	Belém - PA

Assignment Number, Volunteer, and Host	2000 Brazil Volunteer Assignment Summary	Duration	State
<b>De Bebidas</b> <b>E Similares Do Estado Do Pará – COOPERBEER</b> <b>Rodovia do Coqueiro bl 18 nº 61 B</b> <b>Bairro do Coqueiro Retiro NSPSocorro</b> <b>Belém - PA</b> <b>CEP: 66670-000</b> <b>Phone: 55-91-245-4461 , 235-4136</b> <b>Fax: 55-91-245-8043</b>	Assist cooperative officials in writing a business plan. Make recommendations to improve management and increase profits.	to 09/23/00	
<b>082015 (Recruiting)</b> <b>Cooperativa Dos Fornecedores</b> <b>De Cana De Açúcar</b> <b>Rodovia Transamazônica km 92 Vial Pacal</b> <b>Medicilândia - PA</b> <b>Phone: 55-91-531-1220</b>	Train cooperative officials how to write a business plan. Provide current information on cooperative business planning. Providing recommendations to improve management and increase profits.	09/16/00 to 09/30/00	Medicilândia - PA
<b>082016 (Recruiting)</b> <b>Cooperativa Mista Dos Produtores Rurais Da</b> <b>Transamazonia – COOPERTRAN</b> <b>Rodovia Transamazônica km 114</b> <b>Medicilândia-Pará</b> <b>Phone: 55-91-531-1281</b>	Provide current information on cooperative business planning. Assist the cooperative in writing a business plan while providing recommendations to improve management and increase profits.	09/30/00 to 10/14/00	Medicilândia - PA
<b>082017 (Recruiting)</b> <b>COOPERATIVA AGRÍCOLA MISTA DE</b> <b>TOMÉ AÇÚ</b>  <b>Pará-PA</b> <b>Getúlio – General Manager</b> <b>Cooperativa Agrícola Mista de Tomé Açú</b> <b>Rodovia PA 140km 02 Tomé Açú - PA</b> <b>Tel/Fax: 55(91)734-1319</b>	Improve tropical fruit processing procedures and quality control. Specifically, CAMTA has problems due to bacteria in its processed fruit pulp and would like assistance in eliminating this problem.	10/01/00 to 10/21/00	Tomé Açú - PA
<b>082018 (Recruiting)</b> <b>Cooperativa Mista Dos Pequenos Produtores Rurais</b> <b>COOPAIBA)</b> <b>João dos Santos Neto - President</b> <b>Br-226 km 36 Zona Rural Jen. Vieiras- MA</b>	Improve the potential of production/quality of Brazil nuts. Evaluate the cooperative's products and offer suggestions improving the quality of processing. Provide current information including new processing	10/07/00 to 10/21/00	Vieiras- MA

Assignment Number, Volunteer, and Host	2000 Brazil Volunteer Assignment Summary	Duration	State
<b>Brazil</b> <b>Tel.: 011-55-98-643-2206 or 98-235-2526</b>	procedures for Brazil Nuts.		
<b>082019 (Recruiting)</b> <b>Cooperativa Dos Criadores de Caprinos e Ovinos do</b> <b>Maranhão</b> <b>- CCO -</b> <b>Sr. Oswaldo – Coordinator – 98-9976-0301</b> <b>Av. Colares Moreira – Q. 49 casa 16 – Renascença</b> <b>São Luís do Maranhão</b> <b>Tel.: 011-55-98-231-4488</b>	Evaluate the market potential for mutton. The cooperative is not currently slaughtering their sheep for meat, however, they would like to develop into this area. Assess the cooperative's products and offer suggestions on expanding into new markets. Provide current strategies to market fresh meat at butcher shops and assist in writing a strategic marketing plan.	10/08/00 to 10/28/00	São Luís - MA
<b>082020 (Recruiting)</b> <b>Candido Domingos Da Fonseca Neto - Coordinator</b> <b>Av. Principal s/nº Povoado de Tapera de Baixo –</b> <b>CURURUPU- MA</b> <b>Tel.: 011-55-98- 391-1931</b>	Advise coop on manioc processing to improve the overall quality of their products. Evaluate the cooperative's products and provide recommendations on how to optimize the processing of manioc. Make recommendations on how to avoid waste in the production process. Provide assistance on how to diversify into manioc sub-products.	10/14/00 to 10/28/00	Cururupu - MA
<b>082021 (Recruiting)</b> <b>Cooperativa Central Dos Produtos da Floresta</b> <b>COOPFLORA – Macapá/AP</b> <b>(Central Coop. of Rain Forest Products)</b> <b>Rua São Jose'1500 A CENTRO.</b> <b>MACAPÁ- AMAPÁ-</b> <b>Tel: 011-55-96-222-0733</b>	Develop a marketing plan. Train members in current marketing strategies. Evaluate both internal and external market potential for COOPFLOR products.	10/15/00 to 10/30/00	Macapá - AP

Assignment Number, Volunteer, and Host	2000 Brazil Volunteer Assignment Summary	Duration	State
<b>082022 (Recruiting)</b> <b>Cooperativa Agrícola Mista do Vale do Itapecuru Ltda (COOPAVI)</b> <b>Antônio José Gomes Teixeira– President</b> <b>Ataliba Santana – Director (coordinator of program)</b> <b>Av Augusto Teixeira 2582 A</b> <b>CODÓ/ Maranhão, Brazil</b> <b>Tel.: 011-55-98-661-2232 ou res. 98-661-1470</b>	Evaluate the potential market for COOPAVI members' products. Offer suggestions on expanding markets and distribution alternatives and provide current strategies to market products. Assist in writing a strategic marketing plan that includes new procedures and marketing strategies to develop and expand the cooperative's market share.	10/15/00 to 10/29/00	Maranhão - MA
<b>082023 (Recruiting)</b> <b>Cooperativa Central Dos Produtos da Floresta – COOPFLORA – Macapá/AP</b> <b>Rua São Jose'1500 A CENTRO.</b> <b>MACAPÁ– AMAPÁ-</b> <b>Tel: 011-55-96-222-0733</b>	Develop a business plan. Train members in cooperative management. Focus on strategies for setting and achieving goals.	10/1/00 to 10/15/00	Macapá - AP
<b>082024 (Recruiting)</b> <b>Cooperativa Agropecuária De Alvorada Ltda COOPERALVA</b> <b>Rua Santos Dumont 530 Alvorada Tocantins</b> <b>Tel: 011-55-63-353-1249 or 353-1293</b>	Train cooperative members on issues related to cattle nutrition. Assist in planning how to proceed in ration balance for the herd/develop new formulas and alternatives for balancing ration for the cattle nutrition.	9/25/00 to 10/14/00	Alvorada - TO
<b>082025 (Recruiting)</b> <b>Cooperativa Agropecuária De Alvorada Ltda COOPERALVA</b> <b>Rua Santos Dumont 530 Alvorada Tocantins</b> <b>Tel: 011-55-63-353-1249 or 353-1293</b>	Develop a training for best soybean planting techniques. Assist in planning how to control the quality of the production. Provide current information/training on how to increase soybean production.	11/04/00 to 11/25/00	Alvorada - TO
<b>082026 (Recruiting)</b> <b>Cooperativa Mista Regional</b> <b>Dos Agricultores De Medicilândia Ltda</b> <b>-COOPERSAME-</b> <b>Rodovia Transamazônia KM 80</b> <b>Agrovia De Nova Fronteira, Medicilândia-Pará</b> <b>Phone: 55-91-531-1256 ou FAX: 531-1216</b>	Train cooperative officials how to write a business plan and assist them in writing one. Provide current information on cooperative business planning focusing on how to improve management and increase profits.	11/5/00 to 11/19/00	<b>I. Medicilândia - PA</b>

Most of the projects are scheduled in October due to Brazilian elections, which will be on october 1.